

**A Plan For The Acceleration Of
New And Rehabilitated Housing
For Our Senior Citizens...**

A Statement

By: Norman Bressler
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Chairman of the Board
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**Vice President-Elect of a Proposed Non-Profit
New Jersey Housing Corporation
"The Rise Corporation"
Paterson, New Jersey
Sponsored by the
Roman Catholic Diocese of Paterson
To Create New Housing for Senior Citizens**

Date: October 26, 1962 - 2 P. M.

**Place: Council Chambers
City Hall, Newark, New Jersey**

**Before: The United States Senate Committee on Aging
(New Jersey Section)
The Honorable Harrison A. Williams, U.S.S.
Section Chairman**

Mr. Chairman, Ladies and Gentlemen:

My name is Norman Bressler. I reside at 358 Ridgewood Avenue, Glen Ridge, New Jersey. I serve New Jersey Bank and Trust Company, a \$312 million commercial bank, as Chairman of the Board.

My appearance before this distinguished body today is to express my personal views, as well as those of my fellow directors-elect of the proposed non-profit housing corporation, the Rise Corporation, sponsored by the Roman Catholic Diocese of Paterson, to create sorely-needed new housing facilities for senior citizens, with optimum dispatch and at a minimal monthly carrying charge for projected occupants.

Since time and brevity factors are of the essence because of the voluminous testimony which you must review and deliberate before reaching your conclusions, I shall eliminate most of the preliminaries and background material with which you are already most conversant and proceed immediately to the development of two basic theses which I wish to present and which, in my judgment, will accelerate the creation of new, modern and rehabilitated housing facilities for all segments of our population, more especially our senior citizens.

My remarks must be prefaced with the comment that it is my belief (as well as that of my corporate employer, New Jersey Bank and Trust Company) that corporations, as well as individuals have citizenship responsibilities as well as privileges; that the rising tide (of economic and community well-being) lifts all boats (all segments of our communities); and from this viewpoint, it is the civic responsibility of all enlightened individuals and corporations to join with their elected and administrative officials on all government levels, through voluntary participation, to marshal all forces, human and economic, to promote the common good (pro bono publico).

I commend

you, Senator Williams, and your colleagues in the Congress of the United States, for the tremendous impetus which you have given the movement to create "a decent housing environment for every American citizen."

However, no matter how enlightened your objectives, no matter how sincere your motivations may be, unless the housing laws which you enact have built within them the necessary inducements to motivate private enterprise into quick action--and/or unless those charged with preparation and administration of the necessary regulatory rules have broad vision, an intimate knowledge of local community conditions and economics, unless they, too, are motivated by the will to see theory translated into reality--this wonderful philosophy you are pursuing may never produce the quality housing which you are seeking, within the lifetime of the senior citizens whose conditions we are trying to alleviate, or perhaps even my own.

In all of its broad aspects, urban renewal, with all of its attendant facets, still represents the most effective and efficient means of up-dating our municipal environments. Regrettably, all municipalities have not been alert in viewing this program in its totality. Many local groups still look upon the ball and the bulldozer as the principal tool of renewal. Acquisition, demolition and reconstruction still represent only a small fraction of the total urban renewal effort. Redevelopment alone cannot be relied upon because there are definite limitations on amounts expended, time consumed and, among others, limitations of human enthusiasm and endurance. One of the most efficient keys to increasing the renewal output is through the planned program of neighborhood conservation and the rehabilitation of sections of our municipalities which can and should be saved. Conservation and rehabilitation are not only more expeditious, humane, effective, but they represent the more economic approach to the solutions we seek. They also have the advantage of placing the burden of keeping "city wholesome" through citizen and government action where it properly belongs--in the hands of local, alert citizenry joined together to cooperate with government officials, all under the mantle of private enterprise.

The neighborhood rehabilitation program as envisioned by the Housing Act, including its 1961 amendments, has not been too successful because of some basic unrealistic features regarding interest rate provisions and its administration.

While the increase in loan amounts and the extension of maturity dates were theoretically desirable changes, banks have not found these rehabilitation loans involving higher loan amount for longer terms too palatable. These \$10,000 per family unit maximum rehabilitation loans with a term up to 20 years for repayment have not been too palatable because (1) the simple bank interest rate for the lending period involved is not realistic. The rate of return is too low. (2) The paperwork involved in making these loans is too voluminous, too costly to process when compared to other successfully operating FHA and other installment-type loans made by banks. (3) Generally speaking, the economic life remaining on many of these buildings is relatively short and many are already encumbered with first mortgages or other liens. Therefore, mortgage departments eschew them, while consumer credit departments label them unattractive.

Moreover, many of the landlords who could profitably use these loans are senior citizens living on social security payments without other sources of income. The equity which they have in these buildings cannot be taken into consideration unless they can successfully pass an FHA "credit check" to insure that they can meet not only existing obligations but also payments on their rehabilitation loan.

To remedy these conditions, I would propose that (1) the term for repayment be perhaps shortened to seven or eight years--definitely less than ten. (2) Red tape and paperwork should be cut down to an irreducible minimum. (3) Either points should be allowed to banks for processing these loans or, to some degree, the interest on these loans should be discounted. (4) State real estate assessment, loans and regulations and practices may need to be amended

to reward rather than penalize good landlord-occupants through increased assessments on the rehabilitated dwellings in the neighborhood marked for conservation, and/or rehabilitation. Perhaps a moratorium on assessment increases for these rehabilitated properties, say for five years, might provide, along with previously mentioned changes, the inducements needed to have community "rehabilitation crusades" acquire greater impetus and meet with greater success. (3) Finally, perhaps there may be need to setup a Federal-State rehabilitation monetary fund whereby a portion of the interest rate may be subsidized "to sweeten participation" in this program by banks.

The foregoing represent my first set of recommendations.

My second recommendation pertains to the administration of laws currently on the books, more especially Section 302 of the Housing Act of 1949 as amended in 1959 and 1961 and the current lack of Senior Citizens Housing which has been created within the jurisdictional area of the Philadelphia Regional Office whose Community Facilities section is charged with the administration of this program.

Another means of increasing our housing supply for senior citizens, at least in the Middle Atlantic States area, thereby facilitating the relocation of senior citizen displaced families, can definitely be accomplished through a more realistic interpretation of the regulations governing Section 302 of the Housing Act, as amended in 1959 and 1961.

This section, briefly, provides that non-profit housing corporations sponsored by religious groups or labor unions in localities may qualify for 100 per cent direct government loans covering full development costs of New Senior Citizens Housing, repayable over a 50 year term at substantially below market interest rates (3 3/8 per cent).

This section, 302, could be the most effective means, other than through Public Housing, to provide non-profit quality housing for senior citizens, speedily, with minimum monthly carrying charges and with optimum community involvement on a non-sectarian basis.

Yet since 1959, I am informed, the Philadelphia Regional Office, Community Facilities Section, has not made one loan to any sponsor-developer under this section of the Act.

Our experience in Paterson, involving site approval in our urban area, was not too conducive to stimulating other community groups into taking positive action to create this type of new housing.

I believe the philosophy underlying the passage by Congress of this section of the law is very clear. However, administratively, the interpretation of regulations was proved in at least the initial stages of our discussions with the Philadelphia Office economist, too restrictive, too narrow and unyielding. The criteria used for site selection were unrealistic when viewed from the viewpoint of available land in a highly urbanized area.

In May, 1962, a representative group of Paterson citizens, representing all creeds and races, acceded to call from Bishop James A. Mc Nulty, D. D. of the Diocese of Paterson, to serve as members of a non-profit housing corporation known as The Riese Corporation of which I am Vice President-elect.

Our objective was to create 360 units of multi-story modern housing for senior citizens on 4 1/2 acres of cleared land in an economically sound neighborhood in Paterson, with partial tax abatement by agreement with Paterson Mayor Frank X. Graves, Jr., who endorsed the movement. This housing can be produced under this section of the Act for about \$21 per room per month, inclusive of all charges including utilities, and providing all the special features which senior citizens housing requires.

Our experience in receiving approval for this site was one which we are not too happy about.

Several conferences failed to produce the kind of economic thinking which this local market requires and roadblocks, almost unsurmountable, were placed in our path.

The reasoning advanced by the Philadelphia economist was that \$23 per room monthly carrying charge, including utilities, was "uneconomic" and there might be danger of default.

Frankly speaking, if "modern" non-profit housing in this metropolitan area is economically unound at \$23 per month rentals in a depressed housing market such as we are experiencing, how can private enterprise produce housing at lower costs?

It was only after lengthy conferences with members of Congress and Washington authorities did we find it possible to reach a more reasonable approach.

Only the determined enthusiasm of our group kept us from "throwing in the towel" and abandoning the project.

The "paperwork" survey which we are now conducting to prove the economic feasibility of our \$23 per room high rise modern project, together with other requirements, has us bogged down momentarily, but we are still determined to produce this project as originally planned.

If the Diocese of Paterson is successful in this enterprise, other groups, Protestant and Jewish, are anxious to follow suit.

This type of administrative myopia is thwarting the realization of the objectives of Congress and of the people.

Fortunately, in my experience, we have not had this kind of myopic vision from any other administrative group in the Housing & Home Finance Agency organization. The Newark and Washington offices of F.H.A. have always shown themselves knowledgeable and cooperative as has the Urban Renewal Section of the very Philadelphia OTHF in which the Community Facilities agents are located.

I recommend, therefore, that your committee, as well as Washington administrators charged with the responsibility of administering this section of the Act, review the reasons for the lack of senior citizen housing in this state. (Sec. 302) in spite of passage of the law three years ago.

Skilled administrators with broad "vision," who can take proper cognizance of specific local conditions and who fully appreciate the economics of local proposals can make these laws meaningful in translating legislation into brick and mortar environments needed now!!!

Serious and civic-minded community representatives working with bona-fide religious groups dedicated to the translation of religious principles into humanitarian practices to alleviate human suffering, such as the Diocese of Paterson has demonstrated, through this precedent-shattering move to provide senior citizen housing for all races and creeds and willing to lead the weight of its economic resources to prove the solidity of their project, deserve much more encouraging assistance and help rather than the solid wall of negativism displayed to us initially.

Thank you.